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## SENATE BILL No. 210

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-10.2; IC 5-10.4-4-11; IC 5-10.4-5-13.

**Synopsis:** Teachers' retirement fund issues. Reduces from 90 days to 30 days the waiting period after which a retired member of the state teachers' retirement fund (TRF) may be reemployed in a covered position and continue to receive a retirement benefit. Provides that a TRF member may change the member's beneficiary designation if the member and the member's designated beneficiary are parties in any action for dissolution of marriage. (Under current law, the member may change the member's beneficiary designation only if the member and the member's designated beneficiary are parties in an Indiana action for dissolution of marriage.) (The introduced version of this bill was prepared by the pension management oversight commission.)

**Effective:** July 1, 2007 (retroactive); July 1, 2008.

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January 8, 2008, read first time and referred to Committee on Pensions and Labor.

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Introduced

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

## SENATE BILL No. 210

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 5-10.2-3-3, AS AMENDED BY P.L.72-2007,  
2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2008]: Sec. 3. (a) This section does not apply to a member of  
4 the Indiana state teachers' retirement fund who ~~after June 30, 2007~~ is  
5 reemployed more than ~~ninety (90)~~ **thirty (30)** days after the member's  
6 retirement in a position covered by the Indiana state teachers'  
7 retirement fund.  
8 (b) Members' contributions, other than members' contributions paid  
9 on behalf of a member, shall be deducted from their compensation even  
10 if the net compensation to the member is less than the statutory  
11 minimum.  
12 (c) The payment of a member's compensation minus the deduction  
13 constitutes a complete discharge of all claims for services rendered by  
14 the member during the period covered by the payment, except the  
15 claim for benefits under this article.  
16 SECTION 2. IC 5-10.2-4-7.2, AS ADDED BY P.L.149-2007,  
17 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2007 (RETROACTIVE)]: Sec. 7.2. (a) This section applies to a member of the Indiana state teachers' retirement fund after June 30, 2007.

(b) **Subject to subsection (g)**, if a member is receiving a benefit from the fund and:

- (1) the member's designated beneficiary dies;
- (2) the member and the member's designated beneficiary are parties in an action for dissolution of marriage ~~under IC 31-15-2~~ in which a final order is issued after the member's first benefit payment is made; or
- (3) the member marries after the member's first benefit payment is made, and:

- (A) the member's designated beneficiary is not the member's current spouse; or

- (B) the member has not designated a beneficiary;

the member may make the election described in subsection (c).

(c) A member described in subsection (b) may elect to:

- (1) change the member's designated beneficiary or form of benefit under section 7(b) of this chapter; and
- (2) receive an actuarially adjusted and recalculated benefit for the remainder of:

- (A) the member's life; or

- (B) the member's life and the life of the newly designated beneficiary.

(d) A member making the election under subsection (c) may not elect to change to a five (5) year guaranteed form of benefit under section 7(b) of this chapter.

(e) If a member elects a benefit under subsection (c)(2)(B), the member must indicate whether the newly designated beneficiary's benefit will equal:

- (1) the member's full recalculated benefit;
- (2) two-thirds (2/3) of the member's recalculated benefit; or
- (3) one-half (1/2) of the member's recalculated benefit.

(f) The member bears the cost of recalculating a benefit under subsection (c)(2), and the cost shall be included in the actuarial adjustment.

**(g) A member may not make the election under subsection (c) if a final order or property settlement in an action for dissolution of marriage:**

- (1) prohibits a change in the member's designated beneficiary; or**
- (2) provides a right to a survivor benefit to a person who**

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would be removed as the designated beneficiary.

~~(g)~~ **(h)** Benefits may be recalculated under this section only to the extent permitted by the Internal Revenue Code and applicable regulations.

~~(h)~~ **(i)** Before implementing this section, the board of the Indiana state teachers' retirement fund may obtain any approvals that the board considers necessary or appropriate from the Internal Revenue Service.

SECTION 3. IC 5-10.2-4-8, AS AMENDED BY P.L.72-2007, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 8. (a) As used in this section, "exempt amount" means, in the case of a member who has not attained the Social Security normal retirement age for unreduced benefits, thirty-five thousand dollars (\$35,000), computed for the calendar year in which a retired public employees' retirement fund member is reemployed and computed for the fiscal year in which a retired teachers' retirement fund member is reemployed.

(b) This subsection does not apply to a member who is employed by the department of education or ~~after June 30, 2007~~, to a member of the Indiana state teachers' retirement fund who is reemployed more than ~~ninety (90)~~ **thirty (30)** days after the member's retirement in a position covered by the Indiana state teachers' retirement fund. If a member who is receiving retirement benefits and who has not attained the Social Security normal retirement age for unreduced benefits:

- (1) becomes reemployed in a position covered by this article; and
- (2) earns in that position more than the exempt amount;

~~his~~ **the member's** retirement benefit payments shall stop, and the member shall begin making contributions as required in IC 5-10.2-3-2. However, employer contributions shall be made throughout the period of reemployment. The earnings limitation under this subsection does not apply to a member who has attained the Social Security normal retirement age for unreduced benefits.

(c) If a member who is receiving retirement benefits is reemployed in a position covered by this article not more than:

- (1) ninety (90) days after the member's retirement, for a member who is not a member of the Indiana state teachers' retirement fund; or**
- (2) thirty (30) days after the member's retirement, for a member of the Indiana state teachers' retirement fund;**

the member's retirement benefits shall stop, the member shall begin making contributions as required by IC 5-10.2-3-2, and employer contributions shall be made throughout the period of reemployment.

(d) This subsection does not apply ~~after June 30, 2007~~, to a member

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of the Indiana state teachers' retirement fund who is reemployed more than ~~ninety (90)~~ **thirty (30)** days after the member's retirement in a position covered by the Indiana state teachers' retirement fund. If a retired member is reemployed in a position covered by this article, section 10 of this chapter applies to the member upon the member's retirement from reemployment.

(e) The following apply to a member of the Indiana state teachers' retirement fund who ~~after June 30, 2007,~~ is reemployed more than ~~ninety (90)~~ **thirty (30)** days after the member's retirement in a position covered by the Indiana state teachers' retirement fund:

(1) The member's retirement benefit payments continue during the member's period of reemployment without regard to the amount of the member's earnings from the covered position.

(2) The member may not make contributions under IC 5-10.2-3-2 or IC 5-10.4-4-11 during the member's period of reemployment.

(3) The member's employer may not make contributions under IC 5-10.2-2-11 or IC 5-10.4-4-11 for or on behalf of the member during the member's period of reemployment.

(4) The member does not earn creditable service under IC 5-10.2-3-1 for the member's period of reemployment.

(5) The member is not entitled to an additional benefit under sections 9 and 10 of this chapter for the member's period of reemployment.

**(f) The thirty (30) day period described in subsection (c) may be implemented only if the board of trustees of the Indiana state teachers' retirement fund receives from the Internal Revenue Service any rulings or determination letters that the board considers necessary or appropriate.**

SECTION 4. IC 5-10.2-4-9, AS AMENDED BY P.L.72-2007, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 9. (a) This section does not apply ~~after June 30, 2007,~~ to a member of the Indiana state teachers' retirement fund who is reemployed more than ~~ninety (90)~~ **thirty (30)** days after the member's retirement in a position covered by the Indiana state teachers' retirement fund.

(b) If a member dies during reemployment and retirement benefits from before ~~his~~ **the member's** reemployment are payable after ~~his~~ **the member's** death, the payment of these amounts shall be made without change, and any additional benefit earned during reemployment shall be paid as provided in section 10 of this chapter.

SECTION 5. IC 5-10.2-4-10, AS AMENDED BY P.L.72-2007, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2008]: Sec. 10. (a) This section does not apply ~~after June 30, 2007~~, to a member of the Indiana state teachers' retirement fund who is reemployed more than ~~ninety (90)~~ **thirty (30)** days after the member's retirement in a position covered by the Indiana state teachers' retirement fund.

(b) Benefits provided under this section are subject to IC 5-10.2-2-1.5.

(c) Upon termination of reemployment, except by death, the retirement benefits from before the member's reemployment which are payable after termination shall be paid without change.

(d) If the member is reemployed for fewer than ninety (90) consecutive school or working days, upon termination of reemployment, contributions and interest credited to the member's annuity savings account shall be paid to the member.

(e) If the member is reemployed for ninety (90) or more consecutive school or working days, upon termination of reemployment, the member shall receive an additional benefit.

(f) The additional retirement benefit consists of the sum of a supplemental pension and a supplemental annuity. The supplemental pension is computed under section 4 of this chapter using the member's:

- (1) years of service during the member's reemployment; and
- (2) average compensation during the member's reemployment, if the member is reemployed for less than five (5) years, or average of the annual compensation (as defined in section 3 of this chapter) during the member's reemployment.

If the member is entitled to a supplemental annuity, it consists of an annuity provided by contributions and interest credited to the member during reemployment, if any.

(g) The additional retirement benefits are guaranteed for five (5) years or until the member's death, whichever is later. The member may choose instead of the guaranteed payments any of the options under section 7 of this chapter for the payment of the member's additional retirement benefits.

(h) IC 5-10.2-2-7 applies to additional retirement benefits.

SECTION 6. IC 5-10.4-4-11, AS AMENDED BY P.L.72-2007, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 11. (a) This section does not apply ~~after June 30, 2007~~, to a member who is reemployed more than ~~ninety (90)~~ **thirty (30)** days after the member's retirement in a position covered by the fund.

(b) Each member shall contribute to the fund three percent (3%) of

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1 the member's compensation as set forth in IC 5-10.2-3. However, the  
 2 member's employer may pay the contribution on behalf of the member.

3 (c) If a member's employer elects to pay the members' contributions  
 4 for its employees, the employer must initiate the payments as part of  
 5 salary and fringe benefit adjustments provided to these employees.

6 SECTION 7. IC 5-10.4-5-13, AS AMENDED BY P.L.72-2007,  
 7 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 8 JULY 1, 2008]: Sec. 13. (a) IC 5-10.2-4-8, IC 5-10.2-4-9, and  
 9 IC 5-10.2-4-10 apply to the reemployment of a retired member.

10 (b) This subsection does not apply ~~after June 30, 2007~~, to a member  
 11 who is reemployed more than ~~ninety (90)~~ **thirty (30)** days after the  
 12 member's retirement in a position covered by the fund. For a retired  
 13 member who withdraws from retirement status, resumes teaching, and  
 14 again retires, the board shall pay the member, after the member's  
 15 second or subsequent retirement, a monthly retirement benefit at least  
 16 equal to the highest amount the retired member has received as a  
 17 retirement benefit.

18 SECTION 8. **An emergency is declared for this act.**

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